FILE COPY

IN THE

Supreme Court of the United States

OCTOBER TERM, 1947.

No. 378

CALIFORNIA APPAREL CREATORS, a corporation, *et al.*,
Petitioners,

vs.

WIEDER OF CALIFORNIA, INC.; CALIFORNIA SPORTSWEAR, INC.; CORTLEY SHIRT COMPANY, INC.,
Respondents.

Petition for a Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit and Brief in Support Thereof.

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Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT.

To the Honorable, the Supreme Court of the United States:

Your petitioners respectfully pray that a writ of certiorari issue to review the decision and judgment of the United States Circuit Court of Appeals for the Second Circuit, made and entered July 30, 1947 [C. C. A. fols. 395-414],* affirming the judgment of the United States

*The transcript of proceedings in the Circuit Court of Appeals, prepared by the Clerk of the Supreme Court, begins with folio 395 (following page 394 of the transcript of the proceedings in the District Court, which consists of 1182 folios). Accordingly all references to folios will be preceded by the letters "D. C." for the District Court transcript and the letters "C. C. A." for the Circuit Court of Appeals transcript.

District Court for the Southern District of New York and dismissing, in part, the appeal therefrom.

The opinion sought to be reviewed is California Apparel Creators, a corporation, *et al.*, v. Wieder of California, Inc., *et al.* [D. C. fols. 1096-1161]; no application for rehearing has been filed.

Statement of Jurisdiction.

This court has jurisdiction to review the said decision and judgment under Section 240 of the Judicial Code, 28 U. S. C. Sec. 347.

Summary of the Matter Involved.

With the sole exception of petitioner, California Apparel Creators (hereinafter referred to as "Creators"), the petitioners are all California manufacturers of wearing apparel, seventy-five in number, who produce their garments in the State of California and market their products throughout the United States under trade names, labels and advertising designating California as petitioners' locale and petitioners and other California manufacturers as the source of origin of the garments so labeled. [D. C. fols. 87-92.]

Petitioner, Creators, is a non-profit California corporation composed of many associations of California manufacturers and hundreds of California manufacturers, including petitioners, whose objective is to promote and maintain the reputation of the State of California as a source of wearing apparel of exceptional quality and distinctive style and design [D. C. fols. 93-94]. Although Creators was but recently organized, it is part of Associated Apparel Manufacturers of Los Angeles, a non-

profit corporation, which goes back some seventeen years [D. C. fol. 747].

Respondents are three New York manufacturers of wearing apparel who produce their garments in the State of New York and sell the same throughout the United States under trade names, advertising and labels which include the name "California" or "Californian" [D. C. fols. 83-84, 100-101, 112, 114-115, 118-129]. Petitioners and respondents sell in the same market and compete for trade [D. C. fols. 87-88, 100-101, 114-115, 120].

Petitioners, over a period of years, have invested substantial sums of money, in addition to time and effort, in creating goodwill in the name "California" as designating locale and source of origin for wearing apparel of exceptional quality and distinctive style and design. As a result of such efforts, the California name and label has acquired and possesses in the wearing apparel trade an enviable goodwill and reputation, and there exists a great consumer demand throughout the United States for California styled, produced and labeled wearing apparel. This consumer demand for California labeled wearing apparel and goodwill therefrom inures to the benefit of petitioners individually and collectively as California wearing apparel manufacturers and constitutes a very valuable business asset [D. C. fols. 87-92, 95-98, 110-111].

The practice of respondents, in marketing and advertising their garments under the California name and label, falsely represents the State of California as the locale and source of origin of these garments, is false advertising, deceives and misleads the public, diverts trade from petitioners and other California wearing apparel manufacturers and impairs the reputation and goodwill of the Cali-

fornia name and label to petitioners' damage [D. C. fols. 104-109, 116-117, 126-127].

In order to protect the California name and label as applied to wearing apparel (a valuable business asset which petitioners share in common), petitioners brought an action in the United States District Court for the Southern District of New York to enjoin the practices of respondents as unfair competition and for damages for diversion of trade, loss of profits and impairment of reputation.

Petitioners moved for a preliminary injunction upon filing their verified complaint and affidavits [D. C. fols. 52-132]. Respondents filed their answers and counterclaims and subsequently moved, under Rule 56 F. R. C. P., for summary judgment dismissing the complaint and for affirmative declaratory relief [D. C. fols. 214-222, 394-399, 514-519].

The District Court denied the motion of petitioners and granted the motions of respondents, summarily dismissing the complaint, on the merits but without a trial, and granted respondents affirmative declaratory relief on their counterclaims, adjudicating and declaring that respondents have the right to use the California name and label in the marketing of the wearing apparel produced by them in the State of New York. The District Court saved for separate trial two issues involving similarity of trade names and simulation of labels between one petitioner, California Sportswear Co., and two respondents, California Sportswear Co. and Cortley Shirt Co. [D. C. fols. 33-48, 1096-1161, 25-32].

Petitioners appealed the entire judgment of the District Court to the Circuit Court of Appeals for the Second Circuit, and that Court, Judge Learned Hand dis-

senting, affirmed the judgment of the District Court. It dismissed that portion of the appeal relating to the two issues reserved for separate trial as above set out [C. C. A. fols. 395-417].

It is the affirmance by the Circuit Court of the summary judgment of the District Court which petitioners seek to review by this petition for a writ of certiorari.

Issues Presented by This Petition.

The decision and judgment of the Circuit Court presents the following issues for consideration by this court:

1. Can petitioners, who, with others, developed the goodwill and who share in common the goodwill inherent in the California name and label, enjoin respondents, who falsely use that name and label in the marketing and advertising of their products, from such false use and designation and recover damages for diversion of trade, loss of profits and impairment of reputation and goodwill?

2. The instant case presents the following material and controverted issues of facts:

(a) Does the California name and label denote locale and source of origin and does it possess secondary significance in the wearing apparel field?

(b) Are the practices of respondents deceptive to the public as to source of origin or are they likely to deceive in that respect?

(c) Is there any diversion of trade from any of petitioners to respondents as a result of respondents' practices complained of?

(d) Is there any impairment of the reputation and goodwill of the California name and label as a result of respondents' practices?

(e) Are petitioners, or any of them, in fact injured thereby?

Query: In the face of such material and controverted issues of fact as above set out, should petitioners be cut off from any trial, and denied their day in court by having their complaint dismissed on the merits and affirmative declaratory relief given to respondents under the summary procedure of F. R. C. P. Rule 56?

Reasons Relied on for the Allowance of the Writ.

This petition for a writ of certiorari is justified under Rule 38-5(b) of the Rules of the United States Supreme Court as follows:

1. On the issue of the substantive right to relief where the invasion is against a right held in common by a group of complainants, all located in the same geographic area, the decision appealed from conflicts with decisions of the Seventh Circuit Court of Appeals.

2. On the issue of summary denial of the right to a trial and the question of when F. R. C. P. Rule 56 may properly be invoked, the decision appealed from conflicts with decisions by the Third, Fifth, Seventh and Eighth Circuit Courts of Appeal, with prior decisions of the Second Circuit Court of Appeals and decisions of this Court.

3. The decision appealed from decides an important question of Federal law, which has not been but should be decided by this court. As an illustration of the im-

portance of this question we cite the fact that the State of California, through its Attorney General and the Los Angeles Chamber of Commerce by its counsel, have filed briefs below as *amicus curiae* in support of petitioners' position in the instant case.

Prayer for the Issuance of the Writ.

Wherefore, petitioners pray that this court issue its writ of certiorari, directed to the United States Circuit Court of Appeals for the Second Circuit, instructing the said court to certify and send to this court on a day certain to be designated therein, a full and complete transcript of the record and all proceedings in the said court of the cause numbered and entitled:

> Docket No. 20513. California Apparel Creators, *et al.*, Plaintiffs and Appellants, vs. Wieder of California, Inc., California Sportswear, Inc., Cortley Shirt Company, Inc., Defendants and Appellees,

to the end that said cause may be reviewed by this court as provided by law, that the judgment of said Circuit Court of Appeals be reversed, and that your petitioners have such other and further relief in the premises as may seem just and proper.

Dated: Los Angeles, California,
September 29, 1947.

MAX FEINGOLD,
Counsel for Petitioners.

Certificate of Counsel.

The foregoing petition for a writ of certiorari, together with the hereinafter brief in support thereof, is well founded in point of fact and law, is presented in good faith, and is not interposed for delay.

Dated: Los Angeles, California,
September 29, 1947.

MAX FEINGOLD,
Counsel for Petitioners.

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BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

POINT I.

There Is a Conflict Between the Second and Seventh Circuit Courts of Appeal on the Substantive Rights of Petitioners.

The substantive issue, presented to the Second Circuit Court of Appeals in this case, was whether a group of manufacturers of wearing apparel who do business in and from the State of California and who use their state name as part of their trade names and on their labels to designate locale and source of origin can prevent manu-

facturers of wearing apparel located in the State of New York from making similar use of the name California. [C. C. A. fol. 397.]

This issue was resolved against petitioners by the Second Circuit Court, notwithstanding well considered and diametrically opposite decisions of the Seventh Circuit Court of Appeals.

Pillsbury-Washburn Flour Mills Co. et al., v. Eagle, 86 Fed. 608;

Harvey v. American Coal Co., 50 F. (2d) 832;

Grand Rapids Furniture Co. et al. v. Grand Rapids Furniture Co., 127 F. (2d) 245.

In *Pillsbury-Washburn Flour Mills Co. et al. v. Eagle, supra,* the right to relief was asserted by a group of Minneapolis flour millers who had a common, though undivided, interest in the name "Minneapolis, Minn." as used in the sale of flour milled by them. This right was invoked against a Chicago grocer who sold flour milled elsewhere under the name "Minneapolis, Minn."

In that case the District Court denied the complainants' motion for a preliminary injunction on the ground, *inter alia,* that the misrepresentation did not injuriously affect any particular individual complainant. (*Pillsbury-Washburn Flour Mills Co. et al. v. Eagle,* 82 Fed. 816, 817.)

On appeal the Seventh Circuit Court rejected the reasoning of the District Court and reversed. (*Pillsbury-Washburn Flour Mills Co. et al. v. Eagle,* 86 Fed. 608.)

On the question of injury to the complainants, the Seventh Circuit Court said (86 Fed. 608, 629):

> "In the judgment of the Court it is the common every day case of several persons having a common interest in the prevention of an irreparable injury joining together to obtain the desired relief. Though their interests are different in degree, they are of the same quality and kind."

In *Harvey v. American Coal Co., supra,* twenty-three coal producers from the Pocahontas coal region of Virginia and West Virginia brought an action to restrain retail coal dealers from selling coal produced elsewhere as "Pocahontas coal." The case came before the Seventh Circuit Court on appeal from an order granting a preliminary injunction to complainants therein. The Circuit Court affirmed the order (*Harvey v. American Coal Co.* (7th Cir.), 50 F. (2d) 832) and this Court denied certiorari (*Harvey v. American Coal Co.,* 284 U. S. 669).

In *Grand Rapids Furniture Co. et al. v. Grand Rapids Furniture Co., supra,* the right to relief was once again asserted by a group of complainants who had a common interest to protect the reputation and good will inherent in the geographic name Grand Rapids, Michigan, indicating locale of the complainants and source of origin of their products, and which name was a valuable business asset. In that case, twenty-four furniture manufacturers and dealers from Grand Rapids, Michigan, and an association composed of these manufacturers and dealers brought an action to enjoin certain Chicago furniture

dealers from falsely using the name "Grand Rapids" as part of their trade name and from falsely representing that their furniture was "Grand Rapids" furniture.

That case came before the Seventh Circuit Court on appeal from an order granting the complainants an interlocutory injunction. That court affirmed the order (*Grand Rapids Furniture Co. et al. v. Grand Rapids Furniture Co.*, 127 F. (2d) 245). The case came before the same court for the second time on appeal from a judgment of permanent injunction which the complainants secured after a trial. The judgment was affirmed (*Grand Rapids Furniture Co. et al. v. Grand Rapids Furniture Co.*, 138 F. (2d) 212), and this Court denied certiorari (*Grand Rapids Furniture Co. et al. v. Grand Rapids Furniture Co.*, 321 U. S. 771).

The three cases above cited presented sufficient precedent to the Second Circuit Court of Appeals to rule, as a matter of law, that petitioners in the instant case are entitled to a trial and an opportunity to prove the allegations of their complaint.

By its affirmance of the summary judgment of the District Court in this action, the Circuit Court has in effect taken a position contrary to and in conflict with the Seventh Circuit Court on the substantive rule of law involved. This conflict between the two Circuit Courts justifies the issuance of a writ of certiorari by this Court. (Rule 38-5 (b) Rules of the United States Supreme Court.)

POINT II.

The Circuit Court's Decision Is in Conflict With Other Circuit Courts and the Supreme Court on the Issue of Summarily Depriving Petitioners of a Trial and Rendering Judgment on Material Issues Under F. R. C. P. Rule 56.

On the issue of the right to a trial and when the summary procedure of Rule 56 may properly be invoked, the decision of the Second Circuit in this case conflicts with decisions of other Circuit Courts.

Toebelman v. Missouri Kansas Pipe Line (3d Cir.), 130 F. (2d) 1016;

Whitaker v. Coleman (5th Cir.), 115 F. (2d) 305;

M. Snower & Co. v. U. S. (7th Cir.), 140 F. (2d) 367;

Walling v. Fairmont Creamery (8th Cir.), 139 F. (2d) 318;

Walling v. Reid (8th Cir.), 139 F. (2d) 323;

with prior decisions by the same court, *e. g.,*

Doehler Metal Furniture Co. v. U. S., 149 F. (2d) 130;

Arnstein v. Porter, 154 F. (2d) 464;

and with decisions by this court,

Sartor v. Arkansas Gas Corp., 321 U. S. 620;

Arenas v. U. S., 322 U. S. 419;

Associated Press v. U. S., 326 U. S. 1.

In the instant case, material questions of fact are controverted and put in issue by the pleadings and affidavits filed by and on behalf of petitioners and respondents.

Among the material and controverted issues are the following:

(a) Whether the California name and label denotes locale and source of origin and possesses secondary significance;

(b) Whether the respondents' practices complained of deceive, or are likely to deceive, the public;

(c) Whether there is any diversion of trade from petitioners, or any of them, as a result of respondents' use of the California name and label;

(d) Whether there is any loss of profit by petitioners, or any of them, as a result of respondents' use of the California name and label;

(e) Whether there is any impairment of the reputation and good will of the California name and label as a result of respondents' practices; and

(f) Whether petitioners, or any of them, are in fact injured as a result of the respondents' practices.

In affirming the summary judgment in this case, the Circuit Court cut off petitioners from their right to a trial on each and all of these issues. More than that, respondents in this case are given affirmative declaratory judgments summarily adjudicating that respondents have the right to use the name "California" in connection with

their business and advertising and on the labels of their garments produced in New York, and without the necessity of establishing their rights thereto at a trial [D. C. fols. 26-30].

Although the Circuit Court has, in fact, conceded that this case was not properly one to be disposed of summarily under Rule 56 [C. C. A. fol. 409], it still affirms the summary judgment but places its affirmance on the ground that injury has not been shown, and, as it believes, is incapable of being shown [C. C. A. fol. 409.]

The instant case is one of great complexity and vigorously controverted issues and facts. Thus, it is not the kind of a case where the denial of the right to try material and substantial issues can be justified; as Circuit Judge Learned Hand says in his dissenting opinion: "It is the last kind of action in which to invoke the remedy of summary judgment" [C. C. A. fol. 413].

This Court has already passed on the question of the proper use of the summary procedure made available under Rule 56.

Sartor v. Arkansas Gas Corp., supra;
Arenas v. U. S., supra;
Associated Press v. U. S., supra.

It is now well established that Rule 56 is not meant to cut off litigants from their right to a trial if there are any issues to be tried, and that summary judgment is authorized under this rule only where the moving party

is entitled to judgment as a matter of law, where it is quite clear what the truth is, and where no general issue remains for trial (*Sartor v. Arkansas Gas Corp.*, 321 U. S. 620, 627).

This Court reaffirmed the ruling in the *Sartor* case when it declared later that Rule 56 should be cautiously invoked to the end that the parties may always be afforded a trial where there is a *bona fide* dispute of facts between them (*Associated Press v. U. S.*, 326 U. S. 1, 6).

The decision which is here sought to be reviewed runs counter to all the cases cited, including prior decisions by the same court (*Doehler Metal Furniture Co. v. U. S., supra; Arnstein v. Porter, supra*). In fact the dissent by Circuit Judge Clark in the *Arnstein* case (*Arnstein v. Porter,* 154 F. (2d) 464) on the question of proper application of Rule 56, may be said to foreshadow the majority opinion which the same judge wrote in the instant case [C. C. A. fols. 397-412].

In view of the serious conflict in the application of Rule 56 as between the decision of the Second Circuit in this case with decisions in other Circuits and decisions of this Court and the importance of this issue on the fundamental right of a litigant's right to a day in court, the issuance of a writ of certiorari is indicated.

Rules of the U. S. Supreme Court, Rule 38-5 (b).

POINT III.

The Decision Appealed From Decides an Important Question of Federal Law Which Has Not Been but Should Be Decided by This Court.

The substantive issue of law presented in this case is whether California manufacturers of wearing apparel can obtain an injunction restraining New York manufacturers or manufacturers in other states from falsely representing the State of California as the source of origin of the garments marketed.

The Circuit Court, though ruling against petitioners on a summary judgment without trial, has said that the issue presented is an interesting and important one [C. C. A. fol. 398].

It is important to petitioners because they have worked hard and invested a great deal of time and money to make California a selling name in the wearing apparel field, and they have succeeded. As a result of the styling and quality of the garments produced by petitioners and other California manufacturers and of extensive and persistent promotional and advertising campaigns, and as a result of other factors, many intangible, the California name and label on wearing apparel has a magic appeal to the customer in every part of the United States. There is tremendous consumer demand throughout the country for California made, styled and labeled wearing apparel, and this demand has inured to the benefit of petitioners and other California manufacturers of wearing apparel.

It is this great consumer demand for California styled and produced wearing apparel which prompted the respondents, all New York firms, to appropriate the name "California" for use in their business, in their advertising, and on the labels of their garments, whereby respondents seek to profit from falsely capitalizing on the good will created and existing in the name "California."

This practice is business piracy. Not only is the public deceived and cheated, but petitioners, among other California manufacturers of wearing apparel, suffer a substantial loss in trade and profits. More than that, indiscriminate use of the California name by out of state manufacturers is rapidly bound to destroy whatever value and good will now are inherent in the name.

The Lanham Trade Mark Act of 1946 proscribes false designation of origin and violators are liable to a civil action at the hands of any person doing business in the locality falsely designated or by any person who believes he is or is likely to be damaged.

Lanham Trade Mark Act of 1946, Sec. 43(a).

Petitioners are not helped by this Act because it did not become effective until July 5, 1947 (after this action was brought and after the argument of the appeal before the Second Circuit Court).

There is strong authority that the Lanham Trade Mark Act codifies the doctrine of the *Grand Rapids* case.

> *Derenberg, Preparing for the New Trade Mark Law,* Analysis 50, Research Institute of America, 1947, p. 6. [Cited by C. J. Clark, C. C. A. fol. 409, footnote 12.]

Whether the Lanham Act is a codification of existing law will remain open until the matter shall have been brought before, and passed upon, by this Court. Independently of that Act, the substantive issue of law which is here involved is one of important federal law which has not been passed upon by this Court.

The denials of writs of certiorari in *Harvey v. American Coal Co., supra,* and *Grand Rapids Furniture Co. v. Grand Rapids Furniture Co., supra,* were not rulings by this Court on the merits and therefore the substantive question of law involved has never been decided by this Court.

> *Stamey v. U. S.,* 37 F. (2d) 188.

In these circumstances, the issuance of a writ of certiorari, as prayed for, is justified.

> *Rules of the U. S. Supreme Court,* Rule 38-5 (b).

Conclusion.

This case is of paramount importance to the petitioners and the citizens of the State of California. The implications of the decision are far reaching.

If the decision appealed from is permitted to stand it will invite flagrant invasions of property rights inherent in well established trade names and marks based on geographic locale and sources of origin. Such invitation to trade piracy and false advertising will result in the deception of the public and is bound to destroy the valuable good will of such established trade names and marks.

For the foregoing reasons, petitioners respectfully request that the within Petition for a Writ of Certiorari to the United States Circuit Court of Appeals for the Second Circuit be granted.

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